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TAGS: [PARM](#) [IAEA](#) [KNNP](#) [IR](#) [IN](#) [SZ](#)  
SUBJECT: UNVIE AMBASSADOR SCHULTE'S OCTOBER 15  
CONSULTATIONS WITH SENIOR SWISS OFFICIALS

Classified By: Poloff Chris Buck; reasons 1.4(b) and (d).

¶1. (C) Summary: USUNVIE Ambassador Schulte met October 15 with senior Swiss officials for consultations following Switzerland's appointment to the IAEA Board of Governors (BOG) in September. The key Swiss interlocutors were Walter Steinmann, Director of the Swiss Federal Office of Energy (Switzerland's new Governor to the IAEA BOG), and MFA State Secretary Michael Ambuehl. Main topics were Iran, India, and

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the Global Energy Nuclear Partnership (GNEP).

¶2. (S) Summary Continued: Ambassador Schulte outlined the P5 1's two-track policy for dealing with the Iran nuclear problem. MFA State Secretary Ambuehl said that the GOS naturally agrees with the objective of this approach, but is not convinced that the P5 1 have developed a fully working strategy. Ambassador Schulte disagreed, and he re-iterated the importance of like-minded states -- not least Switzerland -- demonstrating unity in support of the P5 1 approach. Ambassador Schulte provided Steinmann and Ambuehl updates on the U.S.-India civil nuclear cooperation agreement. Swiss MFA Arms Control Division Chief Andreas Friedrich, who joined Ambuehl in the meeting, said that, in order to make an informed decision about how to handle the India agreement within the NSG, the GOS needs to see the Safeguards Agreement that India was expected to conclude with the IAEA. Ambuehl said that the support of DG ElBaradei is very important to how the GOS views the India deal, as is the potential impact on nonproliferation, as well as Swiss-U.S. and Swiss-Indian relations. Ambassador Schulte said that the USG would very much like to see Swiss participation in GNEP. Steinmann said that the GOS would study the matter, and that the role of the IAEA in GNEP would be particularly important for Swiss decision-making. End Summary.

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IRAN  
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¶3. (S) Ambassador Schulte outlined the P5 1's two-track policy for dealing with the Iran nuclear problem, emphasizing the need to maintain pressure on Iran to suspend its enrichment activities and come to the negotiating table. He underlined the importance of Iran demonstrating real progress by mid-November on the "Work Plan" it had agreed to with the IAEA Secretariat, as well as in talks with EU HighRep Solana -- above all, the need for the Iranians to meet their international obligation to suspend their uranium enrichment-related activities.

¶4. (S) MFA State Secretary Ambuehl said that the GOS naturally agrees with the objective of this approach, but is not convinced that the P5 1 have developed a fully working strategy. From a "negotiations theory" standpoint, he argued that "suspension" is the one strong card the Iranians have to

play, and it "therefore is not likely that they will be willing to play that card at the very beginning" (i.e., prior to beginning negotiations with the P5 1). Ambuehl assessed that the Iranians would need some "face saving" opportunity and would need to have a better idea of "what they would get" from negotiations, before making a decision to suspend. He suggested the P5 1 engage in "pre-talks" with the Iranians in order to prepare the way for Iranian suspension and subsequent negotiations and that a "step by step" approach would allow Iran to save face. Ambassador Schulte emphasized that negotiations without suspension were not on the table, noting the Iranians' history of using stalling tactics; he re-iterated the importance of like-minded states demonstrating unity in support of the P5 1 approach. Ambassador Schulte emphasized to both Ambuehl and Steinmann that Switzerland's voice is important in this context.

15. (S) Ambuehl said that the June 2006 offer from the P5 1 was important to Iran but was not sufficient. He said that former Iranian nuclear negotiator and Supreme Council for National Security Secretary Larijani had told him that Iran wants a package that includes a nuclear program, economic benefits including Western technology, security guarantees, and political gains including US recognition. Ambuehl also said that neither Switzerland nor he personally is pursuing a separate Iran strategy or series of negotiations and that they have agreed to "do everything" through Solana.

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INDIA  
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16. (S) Ambassador Schulte provided Steinmann and Ambuehl updates on the U.S.-India civil nuclear cooperation agreement, particularly with regard to IAEA safeguards and NSG cooperation. He noted that the USG had carefully reviewed the pros and cons of the deal, and ultimately

decided that it would contribute significantly to nuclear nonproliferation, as well as to helping India meet its vast and growing energy needs in a way less harmful to the environment. Ambassador Schulte observed that IAEA DG Director ElBaradei had endorsed the agreement.

17. (S) Steinmann and Ambuehl both expressed concerns about "double standards" they believe could be interpreted into the India deal. Ambassador Schulte pushed back, reminding them that the case of India cannot be compared to others: India had not signed the NPT, and therefore its nuclear program was not in violation of treaty obligations; moreover, the GOI is now prepared to bring major portions of its current and future nuclear program under IAEA safeguards -- again, something that will contribute to our nonproliferation goals.

18. (S) Swiss MFA Arms Control Division Chief Andreas Friedrich, who joined Ambuehl in the meeting, said that the GOS was "uneasy" about the deal and that, in order to make an informed decision about how to handle the India agreement within the NSG, the GOS needs to see the Safeguards Agreement that India was expected to conclude with the IAEA. He commented that discussion of the India Safeguards Agreement could risk "opening up" the 1995 Full-scope Safeguards provision, putting it at risk (as well as the indefinite extension of the NPT). Friedrich also said that the GOS would like to know what is meant by "corrective measures" in the "1-2-3 Agreement". He assessed that NSG members would not allow for a "blank check" for India, but might at least agree on fuel supply. Ambuehl said that the support of DG ElBaradei is very important to how the GOS views the India deal. He concluded that, if the Swiss senior political leadership can be convinced that the India agreement will strengthen nonproliferation, the GOS will agree. In this context he said he expected that Swiss bilateral relations with the United States and India also would be important factors.

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GNEP

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¶9. (C) Ambassador Schulte outlined USG thinking with regard to the Global Nuclear Energy Partnership (GNEP), explaining how we see it as an important initiative for meeting key nonproliferation and clean energy goals. He said that the USG would very much like to see Swiss participation in the GNEP, given Swiss technical capacities and its international reputation. Steinmann said that the GOS would study the matter, and that the role of the IAEA in GNEP would be particularly important for Swiss decision-making on whether to participate.

CARTER